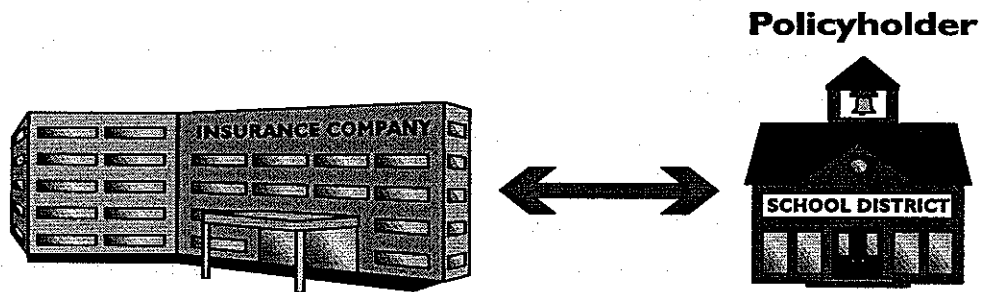


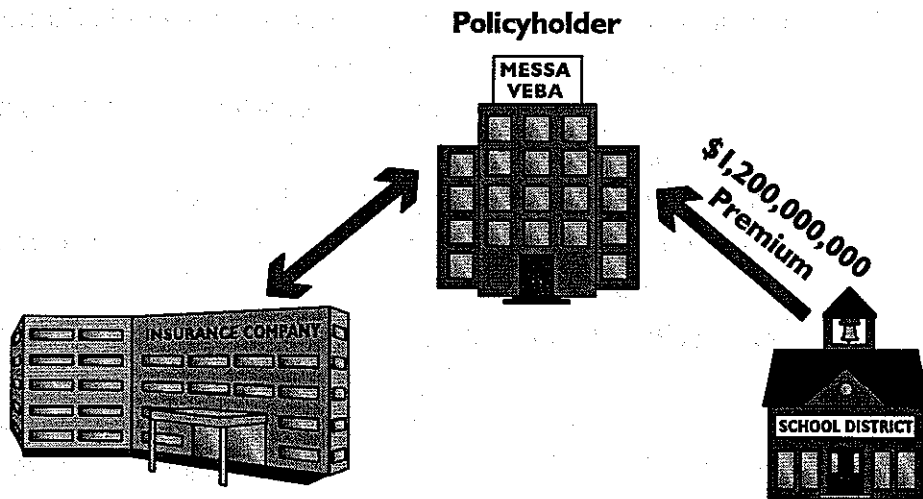
6/1/2011

Health Insurance Policyholder as it relates to Michigan school districts

1. What is a policyholder?
 - a. A person or entity to whom a policy of insurance is issued
2. How is a district impacted by the policyholder issue?
 - a. A school district may purchase a health insurance policy direct from a health insurance company such as Blue Cross Blue Shield of Michigan (BCBSM), Priority Health, Health Plus, or any other health insurance company



- b. A school may elect to participate in a Voluntary Employee Benefit Association (VEBA) where the insurance policy is issued from the insurance company to the VEBA
 - i. The school district does not have any policyholder rights
 - ii. The MEA/MESSA plan is a VEBA



"As policyholder MESSA determines health plan designs and benefit levels, what is covered and how much is paid. As your member-sponsored plan MESSA's benefit direction and administrative policies are controlled by the MESSA Board of Trustees, which is comprised entirely of MESSA members like you" Karen Chapman, MESSA Field Representative

3. Access to claim data is the most important reason for the district to be the policyholder

a. Virtually all employers with over 100 employees enrolled in their health plan can demand detail claim data from their health insurance carrier because they are the policyholder:

- i. State of Michigan
- ii. City of Lansing
- iii. Ingham County
- iv. Michigan State University

b. The district must have access to health insurance data to best manage their health insurance costs

i. The current MESSA plan pays for many non-standard benefits:

- 1. Massage therapy.
- 2. 38 chiropractic visits (industry standard is 12 or 24)
- 3. Payments to non-participating BCBSM providers in excess of BCBSM Reasonable and Customary allowance
- 4. \$5.00 per day towards a hospital private room

ii. MESSA non-standard benefits cost about 6% of total premium-
\$72,000,000 paid by school districts

iii. Without claim data the district cannot determine to what extend these "extra" benefits are affecting the cost of health care for the district

c. Standard claim data provided to groups with over 100 enrolled include:

i. What preventative services are being used?

- 1. Value: Should the district emphasize preventative services as a long term cost strategy?

ii. What are the top brand name drugs being used?

- 1. Value: Are there generic or OTC alternatives available to help reduce cost?

iii. What types of illness are impacting the cost of health care for the district?

- 1. Can the district develop a Wellness plan to reduce claims?

iv. How many emergency room services are being used and for what reasons?

- 1. Value: Can the benefit plan design be changed to encourage walk in clinics instead of expensive emergency room services

v. All claim data is provided in group aggregate form without individual names to protect privacy

4. A district cannot manage a multimillion dollar problem without data.